



RAMSAY HEALTH CARE LIMITED

ACN 001 288 768



caring for people

RAMSAY HEALTH CARE LIMITED

HALF YEARLY REPORT – SIX MONTHS ENDED 31 DECEMBER 1997

Ramsay Health Care was established in 1964, and has grown to become one of the largest private hospital operators in Australia. Ramsay's business is built on a culture of care – for our patients, our people and our shareholders.

Chairman's Letter



Dear Shareholder,

Ramsay Health Care listed on the Australian Stock Exchange in September 1997. This is the first opportunity we have had, since the float, to report on our activities and results. I am pleased to report, on behalf of my fellow directors, that Ramsay Health Care has had six months of steady growth. Ramsay Health Care employs over 2,000 people in eleven hospitals, and caters for the health care of more than 70,000 people each year.

The results in this six months are based on our ongoing commitment to provide our patients with the very best care.

The good results are due to the work and commitment of all the hospitals in the group. They have continued to serve our patients well, while modernising and enhancing their levels of service.

I want to take this opportunity to thank all the staff and management of Ramsay Health Care. It is because of their commitment, creativity and

Overview

Profile

Ramsay Health Care owns and operates eleven hospitals across Australia and is building two new private hospitals, co-located with major public hospitals, in Sydney and Adelaide. Ramsay Health Care

has earned a strong reputation for patient care and innovation across all its operations, psychiatric, veterans and rural medical/surgical hospitals.

Results

The half year to December 31, 1997 was a period of organic growth for Ramsay Health Care. It was a time of consolidation, following our

listing on the Australian Stock Exchange, and investment in our people and existing hospitals. We made no major acquisitions or investments in the six months under review. The group achieved a profit after tax of \$6.9 million for the half year to December 31, 1997 which is tracking in line with expectations. The directors remain of the belief that the \$13.6 million full year net profit forecast contained in the prospectus will be achieved. The half year result was founded on increased revenues and occupancy rates and provides a solid foundation for further expansion.

RESULTS SUMMARY

A\$000's
6 months ended
31 December 1997

Sales Revenue	105,390
EBITDA	19,029
EBIT	14,262
Finance costs (net)	(4,597)
Profit before tax	9,665
Tax expense	(2,766)
Net profit	6,899
EBIT margin	13.5%
Interim dividend per share	3 cents

Highlights

Financial Performance

Ramsay Health Care earned a profit after tax of \$6.9 million for the six months to December 31, 1997.

Ramsay Health Care's performance is tracking in line with expectations to achieve the full year profit forecast of \$13.6 million contained in the prospectus. The proforma profit forecast of \$14.8 million also outlined in the prospectus, assumed that the proceeds of the offer were available for the full year.

talent that we have moved so smoothly into this new era, while retaining the qualities of community involvement, integrity and care that have always set Ramsay Health Care apart.

The directors and senior management of Ramsay Health Care have steered the company with vision and discipline. I particularly thank the Managing Director, Patrick Grier and the executive team, for their leadership over this period. One of Ramsay Health Care's strengths

is the experience, quality and depth of its managers, at the strategic and operational levels.

This has been a period of sustained organic growth, which holds within it the prospect of continued strategic expansion in the months and years ahead.



Paul Ramsay

The profit was founded on an increase in patient days in our hospitals – this important statistic was up two per cent on the same period last year. Sales revenue rose eight per cent over the same period last year to \$105.3 million.

The profit margin achieved across our hospitals was 13.5 per cent, an improvement on the 12.9 per cent achieved for the 1997 financial year.

Hospitals in all three divisions – psychiatric, rural medical/surgical and veterans – have performed well, meeting or exceeding expectations for both revenue and occupancy.

Training & Development

The success of Ramsay Health Care rests on its people. Our culture and values encourage the direct involvement of staff in the direction of their hospital or business unit. Our program of management rotation continues to promote this involvement, and learning across the group. Training in technical and management areas remained a priority in this reporting period, with an emphasis on the skills necessary for preparing successful tenders.

Research

Ramsay Health Care maintains strong relationships with Australian university medical schools.

University medical research is carried out within Ramsay Health Care, in conjunction with medical faculties.

Opportunities for Expansion

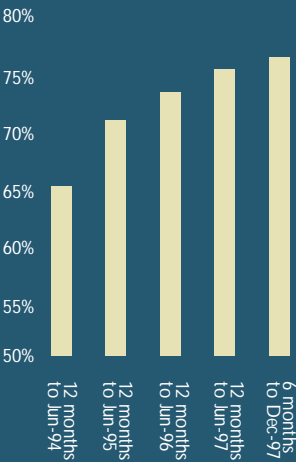
Ramsay Health Care remains committed to continued expansion in healthcare. The trend to privatise the management of public hospitals continues, opening opportunities for expansion through privatisation and co-location of private hospitals on the campus of public teaching hospitals.

Ramsay Health Care has identified a number of such projects that fit its strategic objectives and investment criteria and is currently short listed for four opportunities. Although competition for these projects will be intense, Ramsay Health Care is well positioned to win one or two of them.

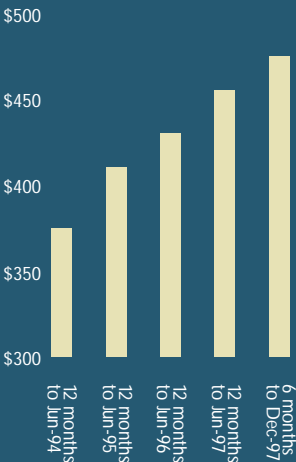
Outlook

With a committed team of people and experienced, focused leadership; with two major developments approaching completion, and a program of continuous improvement expanding the range of service to patients and medical partners; with a stable pattern of rising occupancy rates and revenues; and with many opportunities for expansion through acquisition and privatisation – Ramsay Health Care looks at the

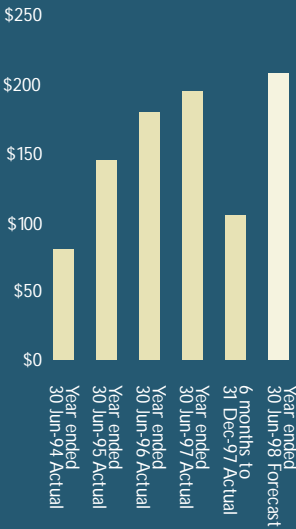
Inpatient occupancy per licensed bed



Net patient revenue per patient day



Sales Revenue (in \$million)



future optimistically. We look forward to continuing growth and profitability over the next six months, and the years to come.

Divisions

Veteran Hospitals

Hollywood Private Hospital

A new 120 bed wing, front entrance and psychiatric unit has been completed at a cost of \$18 million. This opened in August and resulted in a greater number of private patients.

Construction has commenced on a 48 medical suite complex at a cost of \$9 million which will accommodate many of the hospital's main consultants/ doctors. Ramsay Health Care will initially fund the development prior to the sale of the medical suites. The decision has now been made to proceed with a further \$11 million development comprising a cardiology unit, day surgery and gastroenterology unit to be completed by January 1999.

Greenslopes Private Hospital

Greenslopes Private Hospital in Brisbane opened a cardiac catheterisation laboratory in July 1997. Use of the service by doctors has been greater than expected. As a follow on, Ramsay Health Care now intends to build a cardiac surgery unit which is due to open in the first half of the 1999 financial year.

Rural Medical/Surgical Hospitals

Baringa Private Hospital

Refurbishment of the whole hospital has been completed. New day surgery and high dependency units have been opened. In addition, a new orthopaedic centre will open in April 1998.

Albury-Wodonga Private Hospital

Work was undertaken on the enlargement of the day procedure centre which was completed in February 1998.

Planning for a cardiac catheterisation laboratory, radiology unit and orthopaedic centre has been completed and these developments are due for completion in October 1998.

Tamara Private Hospital

A rehabilitation unit was developed and opened in January 1998.

Psychiatric Hospitals

Northside Clinic

Stage 1 of the total refurbishment of the Northside Clinic was completed in November 1997. The second stage of the refurbishment has commenced and is due to be completed in the first half of 1998.

Albert Road Clinic

The benefits of the amalgamation of the Melbourne hospitals into the Albert Road Clinic were more fully realised in this six month period.

Co-located Hospitals

Ramsay Health Care is building two new private hospitals – North Shore Private Hospital in Sydney and Flinders Private Hospital in Adelaide – on the sites of existing public teaching hospitals. Work on both of these co-located hospitals is proceeding well.

North Shore Private Hospital

The private hospital complex Ramsay Health Care is building on the campus of Sydney's Royal North Shore Hospital includes operating theatres, intensive and coronary care units, delivery suites, day surgery and 3,500 square metres of medical consulting suites. The total cost of the project is \$75 million. Most of the building is now complete, commissioning is on target, and the hospital is on track to open, as planned, in mid 1998. Demand for consulting suites in the new private hospital has been strong.

Flinders Private Hospital

Ramsay Health Care is building a \$61 million, 160 bed private hospital – and associated medical facilities – on the campus of Flinders University and Flinders Medical Centre, in Adelaide. It will include 40 medical consulting suites. Work on the hospital is well under way, and running on schedule to open in early 1999.

In a joint venture with the South Australian Health Commission, Ramsay Health Care is adding a cardiac clinic and consulting rooms to the hospital.

Contact Details:

Registered office of the Company is located at:

9th Floor, 154 Pacific Highway
St Leonards NSW 2065, Australia
Telephone: (02) 9433 3444
Facsimile: (02) 9433 3460

All enquiries relating to share transfers, dividends and shareholder information should be addressed to:

Corporate Registry Services Pty Ltd
Level 2, 321 Kent Street
Sydney NSW 2000, Australia
Telephone: (02) 9290 4111
Facsimile: (02) 9262 2574

ASX Code: RHC